

# Maximizing Leverage: Using CDBG Funds to Support Neighborhood Revitalization Activities

## Session Presenters

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# What's it all about?

- Explain the CDBG Program in the context of the place-based transformation initiatives
- Introduce the concept of Neighborhood Revitalization Strategy Areas
- Discuss leveraging CDBG and NRSA with other programs like Choice Neighborhoods

# CDBG – A Closer Look

- Consolidated Plan/Action Plan process to distribute funds locally, emphasizing community input for the placemaking process
- Activities must benefit low and moderate income persons, up to 80% of Area Median Income
- Eligible activities offer a very wide range of tools for neighborhood and community revitalization.

# What is an NRSA anyway?

- It is a plan to transform a neighborhood using CDBG funds along with *other resources*
- It is a specific area where a CDBG grantee targets funds to create Communities of Opportunity
- Community involvement and commitment are a priority
- More flexible CDBG rules make it easier to accomplish
- Resident initiatives receive greater support
- Economic development spurs jobs and services
- Community intermediaries (non-profits, CDCs, CDFIs) play roles that the unit of government cannot.

# In the Spotlight!

## Durham, North Carolina

- 2012 Choice Neighborhood Planning Grant Awardee
- CN Target Neighborhood: Southeast Central
- NRSA approved October 2011
- Neighborhood Revitalization Strategy Area: Southside



# City of Durham

## Southside Revitalization Project

### Area Profile

Approximately 125 Acres

Primarily residential area

Residential vacancy rate of 28%

Only 24 owner-occupied properties

Poverty Rate approximately 29%



# Condition of Housing Stock (322 Structures)

Dilapidated: 113 (35%)

Major Deficiencies: 148 (46%)

Minor Deficiencies: 54 (17%)

Standard: 7 (2%)

Vacant Lots (27% of total parcels)

DURHAM



1869

CITY OF MEDICINE







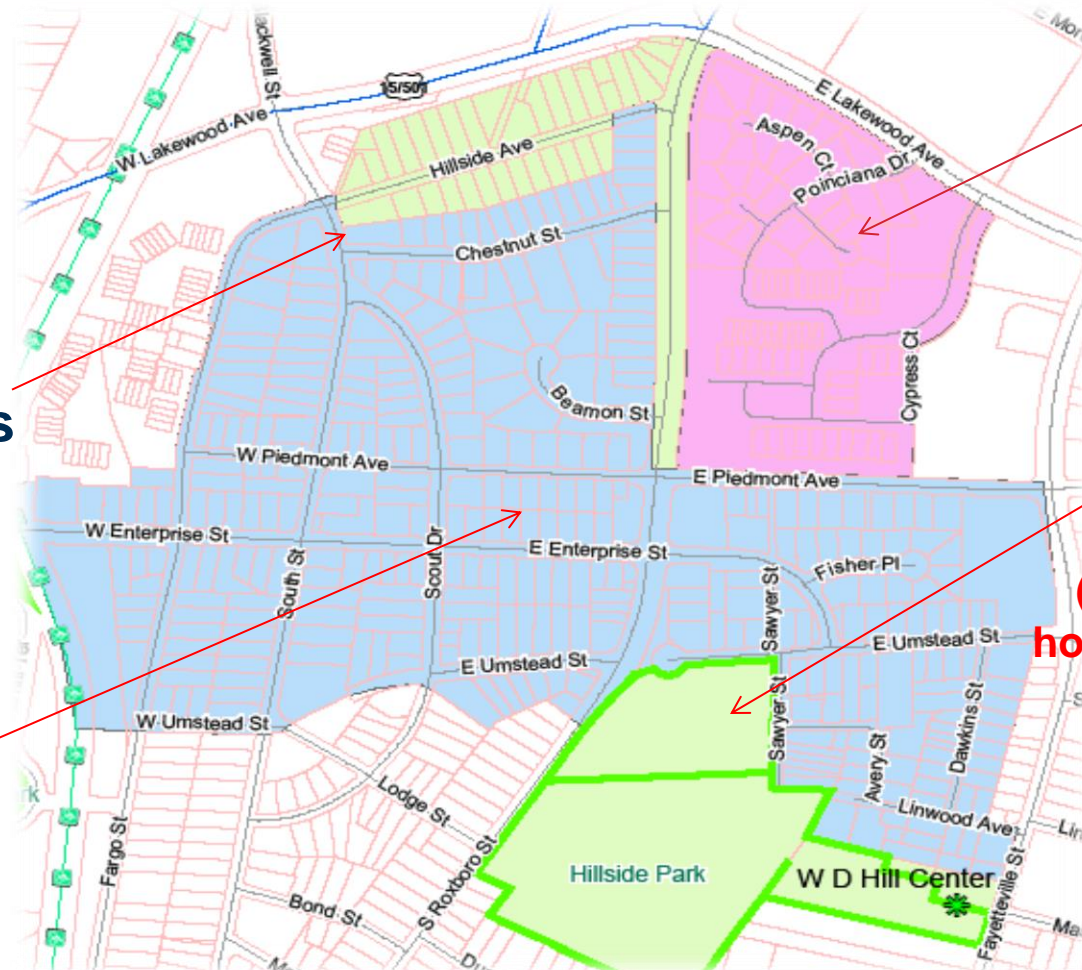
# Key Elements

## Southside Revitalization Project



**New Single  
Family Homes**  
(48 in Phase I)

**Piedmont  
Affordable  
Rentals**  
(9 total units)



**Lofts at Southside**  
(132 unit mixed  
income units of which  
80 are affordable)

**Whitted  
School**  
(79 affordable senior  
housing units and Pre-K)

125-acre site between downtown Durham and  
North Carolina Central University



# Collaboration

Mayor William V. 'Bill' Bell and  
City Council, Durham NC

Southside Neighborhood Association of Durham, Inc.

Center for Community Self Help

Duke University Office of Durham & Regional Affairs

North Carolina Housing Finance Agency

Developer- McCormack Baron Salazar

Durham Community Land Trust, Inc.

Durham Public Schools



# Neighborhood Revitalization Strategy Area (NRSA) Plan

- Critical for mixed-income
- Allows for the aggregation of homeownership units
- NRSA designation can only be applied to neighborhoods with 70% of households at low to moderate income (LMI)



# Enhanced Infrastructure Section 108 Loan (via CDBG)

- Water
- Sewer
- Curb/Gutter
- Street Pavement
- Grading of lots





# The Lofts at Southside Under Construction



727.520.8181  
[www.aerophoto.com](http://www.aerophoto.com)

Southside East Revitalization Ph 1 LP

Image # 141020 0115  
Date 10.20.14



# More Than Bricks and Mortar

## Programs and Services for Southside Residents

- Southside Neighborhood Association of Durham, Inc.
- Southside Community Outreach Coordinator
- Southside Youth Leadership Program
- HUD Section 3 Employment Opportunities
- Durham Technical Community College Partnership
- Construction Training
- Culinary Training





# Southside Rehabilitation Program

- Program was available only to long-time homeowners who occupied their home in the Southside Revitalization area.
- Homeowners had to earn less than 80% of the area median income and participated in monthly volunteer service opportunities.







# New Single Family Homes

- Home prices Range from \$162,500 - \$198,000
- Forty seven of the first 48 homes under Phase I are under contract or occupied.
- Phase II is expected to begin in 2016 with 22 additional homes.





# Leveraging

Low Income Housing Tax (LIHTC) for the Lofts	\$12,000,000
CDBG-Section 108 Loan	\$8,800,000
Home Investment Partnership Fund	\$6,797,806
Neighborhood Stabilization Program-3 Fund	\$500,000
Whitted School	\$19,758,487
Piedmont Rentals: City of Durham and Private Lending	\$678,000
McCormack Barron Salazar equity	\$3,000,000
Private Mortgages for 25 below 80% households at the Bungalows	\$2,500,000
Market rate mortgages for 23 over 80% AMI households	\$4,025,000
City of Durham below 80% AMI secondary & forgivable mortgages	\$1,000,000
Purchasers' down payment from savings/NCHFA grants	\$216,000
Duke University Incentives	\$20,000
<b>Total</b>	<b>\$59,295,293</b>



# Thank you

For Further Information:

<http://www.durhamnc.gov/445/Community-Development>



# Eligible uses of CDBG for transformation initiatives

- Planning
- Non-profit Capacity Building\*
- Property acquisition
- Clearance/Demolition/  
Remediation
- Interim Assistance\*
- Code Enforcement\*
- Public Infrastructure  
Improvements
- Public Facility Improvements
- Public Services
- Economic Development
- Housing Rehabilitation – single  
and multi-family renovation
- Homeownership Assistance
- Section 108 Loan Guarantee

\*not CN Implementation eligible

# CDBG National Objective Requirements

- The CDBG coin test – proposed activities must be eligible *and* meet a national objective.
- Funds must primarily benefit low and moderate income persons (at or below 80% of the area median income)
- With an NRSA, the national objective requirements are relaxed or can be met in different ways

# In the Spotlight!

## Pittsburgh, Pennsylvania

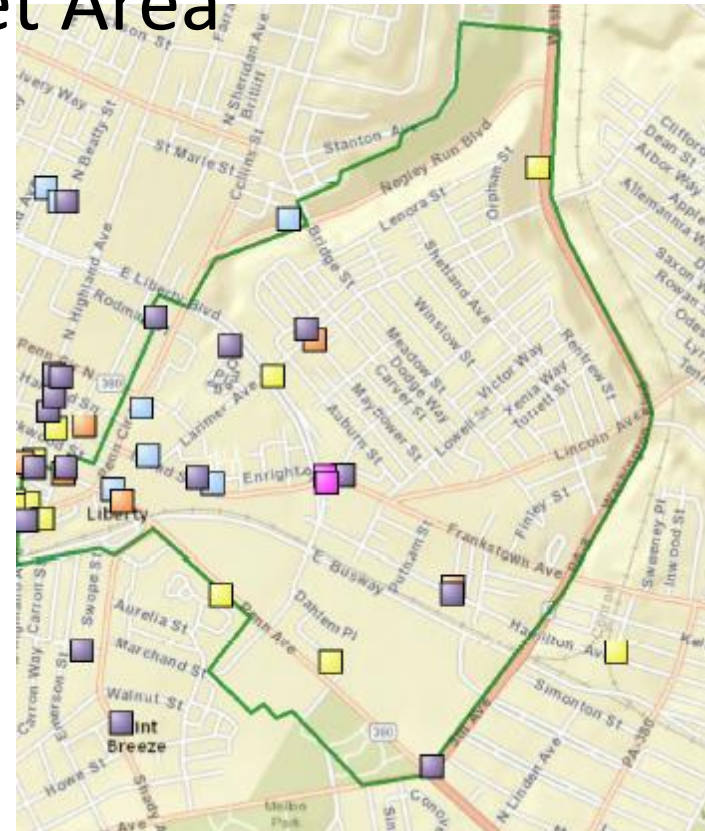
- 2013 Choice Neighborhood Implementation Grant Awardee
- CN Target Neighborhood: Larimer – East Liberty Gardens

# Target Area

## CDBG funded activities 2009 to present



ity



# Larimer/East Liberty

## Some CDBG Highlights

Eligibility Category	National Objective
Acquisition of Real Property	Slum Blight Area
Demolition	Slum Blight Area
Infrastructure Improvements	Low/mod Area
Non-profit Capacity Building	Low/mod Area
Street Improvements	Low/mod Area
Public Service	Low/mod Area
Economic Dev Asst - For Profit Org	Low/mod Jobs
Planning - Land Use Study	Administration



A Closer Look:  
Choice Neighborhood Target  
Areas and  
CDBG Neighborhood  
Revitalization Strategy Areas

# General Attributes

## **CDBG - NRSA**

- A plan to make the target area attractive for investments and address housing, human service and economic needs
- High level of stakeholder participation
- Range of activities, including economic development; housing preservation/development; services
- Role for neighborhood intermediary groups eg.: Community Dev. Financial Institutions and CDCs
- Not additional CDBG funds but flexibility in use of funds
- Leverage required
- Results expected in 5 years, articulated through performance measures and outcomes

## **Choice Neighborhoods Implementation**

- A plan to transform the target area: housing revitalization; promote economic self-sufficiency; improved educational outcomes
- High level of stakeholder participation
- Range of activities: housing development/preservation; economic empowerment; targeted public services (people plan) and neighborhood improvements (CCI)
- New funding
- Leverage expected
- Results on-going with housing and neighborhood improvements completed within 6 years

# Target Area Commonalities

## **NRSA Target Area**

- Boundaries must be contiguous and smaller than the boundaries of the entitlement community
- Primarily residential
- At least 70% of the households must have incomes at or below 80% AMI

## **CN Target Area**

- Boundaries must be contiguous and within city limits
- 20% of residents must have either extremely low or poverty level income
- High crime rate; high vacancy rate or inadequate schools

# NRSA Approval Process

- CDBG Grantee submits NRSA plan as component of new Consolidated Plan; or as an amendment
- NRSA review is separate from Consolidated Plan review
- Review completed by local CPD field office
- CPD field office will consider: grantee capacity; likelihood that proposed actions will result in economic revitalization; level of coordination with other resources; input of stakeholders developing plan and roles during implementation

# Benefits of NRSAs

- Single family housing units can be combined for an overall 51% LMI benefit, not 100%
- Job creation/retention can meet the Area Benefit standard, avoiding income verification
- The aggregate Public Benefit standard is not required for economic development projects
- Grantees can exceed 15% cap on Public Services
- NRSAs work better!

# In the Spotlight!

## Boston

- 2010/11 Choice Neighborhood Implementation Grant Awardee
- CN Target Neighborhood: Quincy Corridor
- NRSA established 2011
- Neighborhood Revitalization Strategy Area: Quincy Corridor

When the CN funding was awarded, the City of Boston amended their Consolidated Plan to include an NRSA Plan for the Quincy Corridor

# Quincy Corridor – where NRSA meets CN

*Excerpts from Boston's NRSA Plan submitted to the Boston CPD Office:*

**Economic Empowerment:** The primary goal of the Choice Neighborhoods Transformation Plan is to reduce the concentration of poverty in this neighborhood by expanding economic opportunity for neighborhood residents and revitalizing the neighborhood without displacing current residents.

- **Commercial Real Estate Development:** Through the use its Section 108 and CDBG funds, the City hopes to leverage substantial amounts of private and other funding to move several large commercial development projects forward, including:
  - **Pearl Meats:** The planned redevelopment of this former meat packing plant into a shared-use commercial kitchen space for start-up retail food producers is expected to create 75-100 new permanent jobs.
  - **Quincy Commons Mixed Use Development:** In addition to providing 40 units of housing for low-income seniors, this project will include 5800 s.f. of new commercial space and is expected to result in the creation of 15-20 new jobs.

# NRSA Economic Empowerment Vision

Strategies used to improve economic opportunities for residents of the CN housing and the target neighborhood:

- **Resident Assessment & Case Management:** Assessment of skill levels and job readiness of the residents of the target housing and linking residents to needed services such as English As Second Language, GED, specific job skills training, job placement services, etc.
- **Earned Income Tax Credit (EITC):** Residents of the development and of the neighborhood will be offered assistance in filing their tax returns in order to qualify for the Earned Income Tax Credit.
- **Construction Jobs:** Concerted efforts will be made to maximize the number of residents of the development and the surrounding neighborhood who are able to take advantage of the construction job opportunities that will be created by re-development of housing in the target area.
- **Permanent Jobs:** Concerted efforts will be made to maximize the number of residents of the development and the surrounding neighborhood who are able to take advantage of the permanent job opportunities that will be created by economic development projects in the target neighborhood,



# CDBG-funded Economic Development from the NRSA Proposal

Program	Commitment	CDBG	Section 108	Total
Main Streets	5 years	\$ 150,000	\$ -	\$ 150,000
RESTORE (façade improvements)	5 years	\$ 100,000	\$ -	\$ 100,000
Commercial Real Estate Development	1 year	\$ 150,000	\$ 750,000	\$ 900,000.
		\$ 400,000	\$ 750,000	\$ 1,150,000

# Pearl Food Production Small Business Center



**What a difference a year makes!**

**Opening April 2014!**



# Commercial Real Estate Development Projects

## *Pearl Meats*

- As part of the transformation of Quincy Street area, the Dorchester Bay Economic Development Corporation worked in partnership with Common Wealth Kitchen to renovate the former Pearl Meat Factory into a 35,000-square-foot, multi-tenant, food production facility, known as the Bornstein & Pearl Food Production Small Business Center. The development supports more than 50 food production businesses
- \$13.9m development
- \$3.2m Section 108 funds and \$500,000 CN funding
- **27** full-time jobs have been created and the main tenant has moved in since the renovation was completed in April 2014.

# Main Streets Program – Grove Hall

- Administered at the Grove Hall site, create new jobs in the Quincy Corridor by:
  - providing technical assistance to businesses
  - improving business facades
  - encourage new businesses to move-in
- The City established NRSA performance goals for each of these actions and beginning July 1, 2012 **10** new businesses have opened; TA was provided to **163** businesses and **17** new jobs have been created. Through the ReStore Program, **21** storefronts have been improved.

# Choice and CDBG – awesome together!



# In the Spotlight!

## San Francisco

- 2010/11 Choice Neighborhood Implementation Grant Awardee
- CN Target Neighborhood: Bayview-Hunters Point
- NRSA established: 1996
- Neighborhood Revitalization Strategy Area: Bayview-Hunters Point
- This target area features PH and assisted housing along with homeowner housing and is adjacent to an old naval yard.



# Bayview-Hunters Point CN Target Area

CDBG funded activities  
2009 to present

Economic Dev



Public Imp



Public Services



Public Housing Sites



# Bayview-Hunters Point – where NRSA meets CN

- San Francisco created HOPE SF, a collaborative public private initiative to transform public housing. This initiative began in 2005 and is supported with significant City funding
- Over the course of the current Consolidated Plan cycle, the city has organized its NRSA efforts in the following way:
  1. Stable housing – create new affordable family and senior rental housing; create new homeownership housing; on-site support services and enhanced connections to other providers; eviction prevention and tenant counseling
  2. Improve social cohesion and neighborhood health – improve neighborhood facilities; school garden; community building activities in support of planning; public safety
  3. Economic resiliency and self-sufficiency – provide job readiness and workforce development services; financial literacy and barrier removal support



# Questions and Answers

# Useful Resources

- CDBG regulations cite? <http://www.ecfr.gov/cgi-bin/ECFR?page=browse>

## ELECTRONIC CODE OF FEDERAL REGULATIONS



- NRSA notice Link and some handouts
  - <https://www.hudexchange.info/resource/2161/notice-cpd-96-01-cdbg-neighborhood-revitalization-strategies/>
- Resource Exchange? <https://www.hudexchange.info/>